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Sheila Stoeller

From: Jason Cureton [jasoncureton23@hotmail.com]
Sent: Thursday, April 26, 2007 10:13 PM
To: Mayes-WebEmail
Subject: Docket NO: WS-04235A-06-0303

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I am sorry to send this directly to you, but I wasn't sure where to send this to get it included with docket no: WS-04235A-06-0303. This is the case for review of a rate hike for Utility Source Water Company.

I spoke at the public meeting held in Flagstaff on March 19, 2007. Lonnie McCleve then mailed us his rebuttal to the comments made in this open meeting. I take exception to some of his responses.

The first issue I have pertains to the question on page 7 line 14 of McCleve's supplemental Rejoinder Testimony. The question states "Are you aware of the suggested change in the associations CC&R's pertaining to rainwater?" His answer was: "No, to our knowledge the Association has never had a request to approve a system wherein rainwater was captured and to be used for landscaping. This is clearly not a water company issue." His response continues, but I would like to refute this part of his response. This was an issue I raised in the open meeting. I believe the question may have been misunderstood. The issue I was trying to raise was one of conflict of interest. The CC&R's established by Lonnie and the HOA board (Also the Utility Source board of directors) prohibits water storage systems. Lonnie quoted the CC&R's wherein it states the association advocates homeowners practicing good conservation as pertaining to water usage. This is a legitimate quote of the CC&R's, albeit a selective one. In the Declaration of Covenants, Conditions and Restrictions - section 2.4 sub-section T. It states "All water and sewage disposal service to the Property shall be provided exclusively by the Association and no Lot shall contain any well, water storage facility, septic system or any other waste disposal technology for such purpose." The owners/board of directors for Utility Source abused their position as head of the HOA to prohibit homeowners from installing a "well, water storage facility,". This ensures that they will have to obtain all their water from Utility Source. If this is not a conflict of interest, I don't know what is.

I also believe that the fact Lonnie chose to selectively quote from the CC&R's demonstrates his willingness to deceive the homeowners and the Corporation Commission. Lonnie and his business partners set up the HOA to provide water to the community. They set forth the billing procedures for water and sewer services. Then, on page 16 section I, it states "In the event it is determined by the Board of Directors that it is in the best interest of the Declarant and the Owners that the Association not provide water or wastewater service to the Owners, but that said service can better be provided by another entity, then and in that event the Board shall discontinue all Water Use Assessment and the Wastewater Service Assessments authorized...." It is very convenient that the Board of directors for the HOA could turn over water responsibilities to Utility Source since they are both the same people.

If the Corporation Commission should decide to fine Utility Source, I would like to see Utility Source forced to pay for the installation of a water storage system for owners who would like one to catch rainwater to use for landscaping or in case of emergency. I believe this would be an appropriate punishment for setting up a monopoly on water services.

I have some other issues pertaining to Lonnie's rebuttal. I am still researching these issues and will send another email when I have sufficient evidence of their wrong doings.

Feel free to contact me to clarify any thing you feel needs clarification.

Thank You,
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Arizona Corporation Commission

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